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MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA 1958
October 1956

Number 3

Volume 1

Reserve

Released Pursuant to § 1000.27 (j) and § 1000.85, USDA-AMS
Federal Order No. 100, 3756 Ringgold Rd., Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY OCTOBER 1956

The Chattanooga Tennessee Order MINIMUM uniform price payable to producers for milk delivered during October to plants located less than 65 miles from City Hall, Chattanooga, Tennessee and distributing milk in Hamilton, Bradley and McMinn Counties, Tennessee is \$5.08 per cwt. f.o.b. plants for milk testing 4.0% butterfat. The MINIMUM price for milk delivered to a pool plant in McMinnville (75-85 mile zone) is the above price less 16.5 cents (\$4.915). The butterfat differential is 7.3¢ for each one tenth of one percent above or below 4 percent. (See page 3)

During October, 88.2 percent of total producer milk was priced in Class I @ \$5.32 per cwt., less handler location differential, with a handler butterfat differential of 7.8¢ and 11.8 percent was priced in Class II @ \$3.60 per cwt. with a butterfat differential of 7.0¢. (See page 3) The percent of producer skim and butterfat priced in Class I was 89.0% and 71.7% respectively.

The Order MINIMUM Class I price for November 1956 is \$5.35, an increase of 3 cents over the October Class I price. This increase results from a higher butter market and its effect on the butter-powder alternative in the basic formula price. (See page 4) It is reported by the Chattanooga Area Milk Producers Association that a minimum Class I price of \$5.60 for November 1956 was negotiated with certain handlers. The daily average of producer milk during October increased 4.0 percent compared with September. The daily average use of Class I increased 4.3 percent compared with September 1956.

MILK PLANT OPERATORS

The operators of the following plants filed reports for October 1956 with the Market Administrator of the Federal Milk Order for the Chattanooga Area:

Pool Plants
Associated Dairies, Inc.
Avalon Dairies
Chattanooga Area Milk Prod. Assoc.
Cleveland Creamery
College Creamery
J. K. Cunningham & Son
Grant-Patten Milk Co.
Happy Valley Farms
C. D. Haslerig & Sons
Home Stores, Inc.
Mayfield Creamery
Meadow Brook Farms, Inc.

Pool Plants
Ray Moss Farms
Sanders Dairy
Sterchi & Sons Dairy
Varnell Dairy
Vest Dairy Products

Non-Pool Plants
Farm Fields Dairy
J. M. Nance & Son
Russell Dairies
Southern Dairies, Inc.

BASE NOTICE

Each producer for the Chattanooga marketing area will have a new milk base to be used in making payment to such producer during the months of March through July 1957. The 1957 daily average base will be computed by dividing each producer's total milk deliveries to pool plants during September 1956 through January 1957 by the number of days from the first day of delivery to the last day of January, inclusive, but not less than 120 days. From September 1956 through February 1957, producers will be paid a uniform blend price for their total milk deliveries.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	<u>October 1956</u>	<u>September 1956</u>
<u>Number of Plants Reporting</u> - Pool	17	16
Non-Pool	4	5
GROSS RECEIPTS (DAILY)		
Producer Milk Pounds	363204	349163
% October '56 compared with:	100.0	104.0
Other Source Milk Pounds	28204	23393
<u>TOTAL MILK POUNDS</u>	391408	372556
% October '56 compared with:	100.0	105.1
GROSS UTILIZATION (DAILY)		
Class I Milk Pounds		
Fluid Milk	282327	265487
Buttermilk	37138	34919
Chocolate Milk	7295	7353
Fluid Skim	4847	4015
Fluid Creams	1763	1675
Bulk Milk and Cream to Non-Handlers	6352	11662
Class I Shrinkage	2029	2311
Inventory Reclass.	(531)	(339)
Overstated Sales	(81)	-0-
<u>TOTAL CLASS I MILK</u>	341139	327083
% October '56 compared with:	100.0	104.3
Class II Milk Pounds (Used to Produce)		
Butter	4623	2069
Cheddar and Cottage Cheese	9743	7172
Powder and Condensed Milk	18336	13567
Ice Cream	11393	8745
Inventory Variation	(189)	6330
Other <u>y</u>	6363	7590
<u>TOTAL CLASS II MILK</u>	50269	45473
% October '56 compared with:	100.0	110.5
% Producer Milk of Gross Class I	106.5	106.8
% Producer Skim of Gross Class I Skim	105.5	105.9
% Producer Bf. of Gross Cl. I Bf.	131.4	128.2
% Producer Milk Priced in Class I	88.2	87.8

NOVEMBER 1956 CLASS I PRICE ANNOUNCEMENT

The handler Minimum Class I price under the Chattanooga Order is computed each month from a formula. For the current month a so-called basic formula price is determined from milk and dairy product price quotations for the prior month (see page 4) to which is added a Class I price differential of \$1.75 per cwt. for producing Grade A milk. The basic formula price is the highest of four alternative prices: (1) The average price paid farmers for manufacturing milk by thirteen representative Mid-West Condenseries, (2) A price computed for milk used to produce butter and cheese based upon the average price of 92 Score Wholesale Chicago butter and the average price for cheese on the Wisconsin Cheese Exchange, (3) A price computed for milk used to produce butter and powdered milk based upon the average price of 92 Score Wholesale Chicago butter and the average wholesale price of spray and roller process powdered milk in the Chicago area and (4) The average price paid by four representative Tennessee cheese and condensing milk plants.

The November Class I price computation is summarized as follows: (See page 4)

Basic formula price (October butter-powder formula)	\$3.60
Class I Differential	<u>1.75</u>
Class I Price, 4.0% butterfat f.o.b. pool plants	\$5.35

y Includes stockfeed, sour cream, overage and shrinkage.

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR OCTOBER 1956

Based on 21 plant reports prior to audit

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	Class %	Milk Pounds	Butterfat Test	Price @ Test	Value
Gross Class I		10575306	3.654		
Less Other Source		643944	3.441		
Producer Milk Class I	88.2	9931362	3.667674	\$5.052896 ^{1/}	\$501821.39
Gross Class II		1558327	9.205		
Less Other Source		230358	0.000		
Producer Milk Class II	11.8	1327969	10.802135	8.361495	111038.01
TOTAL PROD. (Cl.I + Cl.II)	100.0	11259331	4.509140		612859.45
Add Fractional Adjustment					.01
Add Unpriced Milk Allocated to Cl. I		205106		0.24	492.26
Add Overage Value & Prod. Location Adj.					2599.44
Add Inventory Reclass. Value					98.70
Add Producer-Settlement Fund Reserve					2513.67
TOTAL VALUE AT TEST		11259331	4.509140		618563.53
Less Test Over 4% @ 7.3¢ per point		11259331	.509140	0.371672	41847.78
TOTAL VALUE AT 4%		11259331	4.0	5.122114	576715.75
Less Producer-Settlement Fund Reserve		11259331		.042114	4741.75
UNIFORM PRICE f.o.b. POOL PLANT (0-65 miles)		11259331	4.0	5.08 2/	571974.00

OCTOBER 1956 MINIMUM PRODUCER PRICES f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone) 2/
BUTTERFAT DIFFERENTIAL 7.3¢ PER POINT

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.35	3.6	\$4.788	4.2	\$5.226	4.8	\$5.664	5.4	\$6.102
3.05	4.3865	3.65	4.8245	4.25	5.2625	4.85	5.7005	5.45	6.1385
3.1	4.423	3.7	4.861	4.3	5.299	4.9	5.737	5.5	6.175
3.15	4.4595	3.75	4.8975	4.35	5.3355	4.95	5.7735	5.55	6.2115
3.2	4.496	3.8	4.934	4.4	5.372	5.0	5.81	5.6	6.248
3.25	4.5325	3.85	4.9705	4.45	5.4085	5.05	5.8465	5.65	6.2845
3.3	4.569	3.9	5.007	4.5	5.445	5.1	5.883	5.7	6.321
3.35	4.6055	3.95	5.0435	4.55	5.4815	5.15	5.9195	5.75	6.3575
3.4	4.642	4.0	5.08	4.6	5.518	5.2	5.956	5.8	6.394
3.45	4.6785	4.05	5.1165	4.65	5.5545	5.25	5.9925	5.85	6.4305
3.5	4.715	4.1	5.153	4.7	5.591	5.3	6.029	5.9	6.467
3.55	4.7515	4.15	5.1895	4.75	5.6275	5.35	6.0655	5.95	6.5035

OCTOBER 1956 CLASS II PRICE ANNOUNCEMENT

The handler Minimum Class II price for each month is announced on the fifth day of the following month. The Class II price for the months of September through January is the higher of two alternatives: (1) the butter-powder formula price or (2) the average price paid by four representative Tennessee cheese and condensing milk plants. The Class II price for the months of February through August is the average price paid by the four Tennessee cheese and condensing plants.

For October 1956 the Class II price was the butter-powder formula price of \$3.60. The November Class II price will be announced December 5th.

NEW TELEPHONE NUMBER AND MAILING ADDRESS

Effective November 4, 1956 the telephone number of this office was changed to: OXford 8-4401. Mail for this office may now be addressed to: Market Administrator, P.O. Box 9051, Chattanooga 11, Tennessee.

^{1/} Adjusted for handler location differential.

^{2/} Producer price less 16.5 cents at McMinnville (75-85 mile zone)

SUMMARY OF CHATTANOOGA MILK PRICES (4 PERCENT MILK)

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Month	PRODUCER UNIFORM PRICES Per hundredweight				HANDLER CLASS PRICES			
	Uniform	Base	Excess	Bf. Dif.	Class I Cwt.	Class I Bf. Dif.	Class II Cwt.	Class II Bf. Dif.
Sept. '56	\$5.00	-	-	7.2¢	\$5.28	7.7¢	\$3.57	6.9¢
Oct.	5.08	-	-	7.3¢	5.32	7.8¢	3.60	7.0¢
Nov.	-	-	-	-	5.35	7.9¢	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS			ALTERNATIVE FORMULAS				Highest or Basic Formula \$-cwt-4%
	Chi. 92° Butter ¢ lb.	Chi. Area Powders ¢ lb.	Wisc. Cheese ¢ lb.	Cond. Mid-West \$-cwt-4%	Butter- Cheese \$-cwt-4%	Butter- Powder \$-cwt-4%	4 Tenn. Milk mfgs \$-cwt-4%	
Oct. '55	57.643	14.750	31.875	3.46	3.14	3.48		3.48
Nov.	57.856	14.500	31.822	3.50	3.15	3.49		3.50
Dec.	57.702	14.485	31.750	3.50	3.14	3.44		3.50
Jan. '56	57.375	14.430	31.750	3.47	3.12	3.43		3.47
Feb.	57.375	14.135	31.750	3.43	3.12	3.43		3.43
Mar.	57.375	14.205	31.700	3.39	3.12	3.43		3.43
Apr.	58.280	14.460	32.833	3.38	3.18	3.47		3.47
May	59.170	14.470	33.164	3.40	3.23	3.52		3.52
June	59.125	14.305	33.170	3.40	3.23	3.51		3.51
July	59.208	14.155	33.188	3.41	3.23	3.52		3.52
Aug.	59.462	14.310	33.175	3.44	3.24	3.53	3.08	3.53
Sept.	60.283	14.280	33.172	3.54	3.28	3.57	3.12	3.57
Oct.	60.842	14.225	33.094	3.58	3.30	3.60	3.16	3.60

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS POUNDS MILK ^{1/}					Number of		Deliveries Per Farm -- Pounds			Prod. Milk Test
	Class I	Producer	Base	Excess	Total	Plants	Prods.	Prod.	Base	Excess	
Sept. '56	327083	349163	-	-	372556	21	803	435	-	-	4.43
Oct.	341139	363204	-	-	391408	21	852	426	-	-	4.51

OCTOBER MARKET SUMMARIES - 17 POOL PLANTS AND 4 NON-POOL PLANTS

Classification by Source

	Total		Class I		Class II	
	Pounds	%	Pounds	%	Pounds	%
Producer Milk	11259331	92.8	9931362	93.9	1327969	85.2
Other Source Milk	874302	7.2	643944	6.1	230358	14.8
Total	12133633	100.0	10575306	100.0	1558327	100.0

Classification by Use

	Total		Producer Milk		Other Source	
	Pounds	%	Pounds	%	Pounds	%
Class I	10575306	87.2	9931362	88.2	643944	73.7
Class II	1558327	12.8	1327969	11.8	230358	26.3
Total	12133633	100.0	11259331	100.0	874302	100.0

^{1/} Other Source equals difference between Producer and Total; Class II equals difference between Class I and Total.